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TAGS: [PREL](#) [ENRG](#) [CH](#) [RS](#) [XD](#) [XE](#) [IR](#)
SUBJECT: SHANGHAI SCHOLARS' VIEWS ON THE SHANGHAI COOPERATION
ORGANIZATION (SCO)

REF: 07 SHANGHAI 790

CLASSIFIED BY: Christopher Beede, Political and Economic Section
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REASON: 1.4 (b), (d)

11. (C) Summary: Shanghai scholars described Shanghai Cooperation Organization (SCO) member states as committed to cooperation on issues of common interest, but divided over any larger role the organization should play over the long term. The August 2008 summit will not break new ground but will focus on implementation of existing agreements. Full SCO membership for interested observer states, including Iran, is unlikely to materialize in the short term, due to the SCO's consensus decision-making, disagreement over the merits of admitting new members, and lack of a fixed mechanism for doing so. The Shanghai scholars detect a divergence in views between Beijing and Moscow regarding the SCO's long-term trajectory, but differ on its significance. They are similarly positive on the idea of greater U.S. involvement in Central Asia but divided on potential U.S. engagement strategies. END SUMMARY.

12. (C) In advance of the 2008 Shanghai Cooperation Organization (SCO) summit, Poloff conducted separate meetings June 25-27 with local experts on the SCO and Central Asian affairs. The experts included: Shao Yuqun, Deputy Director of the Department of South Asia Studies, Shanghai Institute for International Studies (SIIS); Pan Guang, Director of the Center of Shanghai Cooperation Organization Studies, Shanghai Academy of Social Sciences (SASS); and Zhao Huasheng, Director of the Center for Shanghai Cooperation Organization Studies, Fudan University. The summit, to be held in Dushanbe, Tajikistan, is tentatively scheduled for mid-August, though the dates have not been made public.

AUGUST SUMMIT

13. (C) The scholars concur that the August summit will focus on the implementation of existing agreements but break little new ground. Zhao Huasheng remarked that there are 127 outstanding SCO agreements, covering a range of joint economic, cultural, and energy activities, on which member states are agreed in principle but have yet to take any concrete action. Pointing out that decisions are traditionally made by consensus, Pan Guang argued that even implementation might be difficult, and predicted there will be "lots of discussion but little accomplished." Still, China does have its priorities among these agreements, noted Shao Yuqun. Beijing would most like to see its SCO counterparts focus on regional infrastructure projects and fighting Central Asian government corruption, both of which would benefit Chinese business. For their part, Central Asian member states will seek to deepen their economic cooperation with Beijing, a result of their growing knowledge of the Chinese market. In the past, ethnic Uighur contacts in Xinjiang would act as middlemen for Central Asian traders seeking to obtain Chinese goods. However, traders are increasingly traveling east to such places as Yiwu in Zhejiang Province, cognizant of better deals and a wider selection of products.

14. (C) The scholars noted that Russia is likely to raise energy issues at the summit, but expressed mixed views on how China is likely to react. Shao argued that Beijing is uncomfortable with using the SCO as a vehicle for energy diplomacy because Moscow takes a more confrontational approach to energy. Russia has vague ambitions for turning the SCO into a natural gas cartel, Shao asserted, and has demonstrated its unreliability by dragging its feet in implementing its bilateral energy

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agreements with China. In contrast, the Central Asian states are simply more pragmatic, concentrating on securing energy buyers and diversifying their portfolio of consumers. China prefers bilateral engagement on energy issues, or at least venues where Russia cannot interfere, said Shao. While Pan confirmed that China indeed prefers to conduct its energy diplomacy on a bilateral basis because "it's just easier that way," he believes Beijing is more open to the possibility of cooperating with Moscow on energy. China would happily import natural gas from Russia through an existing pipeline running from China to Kazakhstan, Pan stated, a money-saving move that, in fact, Russia has already agreed to.

NEW MEMBERS UNLIKELY

15. (C) The scholars generally agree that full SCO membership for interested observer states is unlikely to materialize in the short term. All decisions regarding new members would require consensus among SCO states, noted Pan, which would be difficult to achieve. Both Shao and Zhao pointed out that China fears enlargement will dilute the SCO's regional focus and cohesion, and possibly render the organization's activities less effective. Moreover, since there is no established mechanism for offering SCO membership to interested states, it is not exactly clear how candidates would be evaluated and approved.

16. (C) Beyond general concerns about the process of admitting new SCO members, member states also disagree on the merits of specific candidacies. Shao was particularly skeptical about Iran's bid, announced in March 2008, claiming that Beijing and others have serious questions about Tehran's foreign policy. Pan similarly asserted that "everyone knows Iran just wants to use the SCO" to enhance its prestige and further an aggressive policy agenda. Shao commented that some Chinese academics have expressed the view that only states bordering current SCO member states should be considered for full membership. Noting that, among interested states, only Iran does not border a current SCO member state, Poloff pressed Shao as to whether Beijing was preparing this argument to defuse Tehran's membership bid. Shao

demurred, stating that this is simply one view in circulation.

¶7. (C) On South Asia, the SCO faces another conundrum, Shao argued. Pakistan has expressed its desire to be considered for full membership, but if Pakistan is admitted, then India cannot very well be denied. However, Beijing is concerned about the U.S. response should New Delhi join, and is reluctant to bring Pakistan and India, with all of their bilateral baggage, into the SCO fold. Were any state to quickly gain SCO membership, Shao guessed, it would be Mongolia, the least controversial of observer states that can still make a good case for joining a Central Asian forum. Pan disagreed, arguing that, for the time being, Mongolia is satisfied with its observer status, and in fact no new members should be expected soon.

AGAINST THE WEST, OR JUST UNREST?

¶8. (C) The scholars detect a divergence in views between Moscow and Beijing regarding the SCO's long-term trajectory, but differ on its significance. Besides its energy agenda, Shao believes Russia would like to push the SCO in the direction of becoming a NATO counterweight, whereas Beijing sees the forum as a neutral grouping that reinforces regional stability. Russia is already more willing to view the SCO in its present state as balancing the West. However, China is uncomfortable with this approach, as are some Central Asian states, notably Kyrgyzstan and Tajikistan, who are speaking out on their position. Shao commented that in some previous SCO meetings, Tajikistan responded to anti-NATO statements made by the Russian side with

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praise for NATO's role in securing the Afghan border and help with building Tajik infrastructure, especially its communications network and electrical power grid.

¶9. (C) While acknowledging these differences, Pan and Zhao hold that the cooperative aspect of the Beijing-Moscow relationship is the more remarkable development. Moreover, Pan observed that the United States and NATO are already cooperating with SCO member states. In 2002, the United States worked with a provisional grouping of Afghanistan's six neighbor states to discuss reconstruction efforts and regional stability. Additionally, Russia and Uzbekistan recently reached agreement with NATO to permit supplies intended for Afghanistan to be shipped across their borders, an issue that may receive mention at the SCO summit. Of course, Pan noted, Russian acquiescence to this latter scheme was probably designed to give Moscow a trump card for preventing NATO from extending membership to former Soviet states such as Georgia. Nevertheless, these examples disprove the theory that SCO states somehow cannot work with NATO, Pan stated.

¶10. (C) The scholars strongly disagree with the view, espoused by some Western observers, that the SCO is largely a vehicle for Russian and Chinese geostrategic ambitions. Recalling the 2005 SCO summit declaration, which called on the United States to establish a timeline for closing its military bases in member states, Shao accused Russia of being its primary instigator. China tried to put the brakes on this initiative, Shao claimed, but ultimately signed on to preserve consensus and prevent the SCO from appearing weak and divided. Pan offered a similar interpretation of the 2005 events, and, more generally, warned the United States against regarding Russian or Uzbek comments on the SCO as representative of all SCO member states. "Russia always has big plans for the SCO," Pan laughed, for which, if pursued, Russia would not really be able to obtain consensus.

POTENTIAL FOR U.S. COOPERATION

¶11. (C) Asked whether the SCO would ever consider working on some level with the United States, the scholars were positive on the idea of greater U.S. involvement in Central Asia but divided

on potential U.S. engagement strategies. Zhao suggested that the United States and SCO member states have many common interests in the region, specifically fighting terrorist groups like Al Qaeda and the Taliban, putting an end to drug-trafficking, and ensuring that Afghanistan -- presently "the most unstable factor in the region" -- is put on a more stable footing. Washington needs to play a more active role in Afghanistan but avoid fueling increased terror in the region; coordination with the SCO would be one way to maximize the former and mitigate the latter, Zhao asserted.

¶12. (C) Were the United States to formally seek SCO observer status, Shao speculated, Russia and probably Uzbekistan would prevent a favorable outcome. Still, some Central Asian states, and possibly even China, would welcome SCO cooperation with Washington on at least

some level. It would be important that U.S. engagement with the SCO emerge organically from discussion with member states, Shao stressed, so the best strategy might start with informal Track II discussions with member states, ideally without direct reference to their SCO affiliation. Pan, meanwhile, argued that regional cooperation with the United States, EU, and even NATO might be more acceptable -- and thus more easily achievable -- using the "six Afghan neighbors" grouping rather than the SCO.

COMMENT

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¶13. (C) While Chinese suspicions of the West may not approach those harbored by Moscow in degree, Pan and Shao's assertions that Beijing does not view the SCO as a bulwark against U.S. influence in Central Asia are not entirely credible. Zhao, for instance, peppered an otherwise upbeat presentation on the SCO with pointed remarks about the color revolutions and the U.S. military presence in Kyrgyzstan. Though not insurmountable, Chinese and Russian differences over energy and the SCO's future, if unresolved, may prove a drag on future cooperation and hamper the organization's evolution.
JARRETT